

## WAR, TERRORISM AND POLITICAL VIOLENCE INSURANCE

### WAR, TERRORISM AND POLITICAL VIOLENCE INSURANCE

Some of the words **we** use have a special meaning in this policy. If a word is in **bold** type, please read the definitions section and the policy schedule.

#### COVER AND LOCATION

This insurance covers the **insured property** while at the named location(s) specified in the policy schedule against physical loss or physical damage, occurring during the period of insurance, directly caused by:

- i. an **act of terrorism** and/or **sabotage**;
- ii. **malicious damage**;
- iii. **riots, strikes, civil commotion**;
- iv. invasion, acts of foreign enemies, hostilities (whether war be declared or not) **civil war, rebellion, revolution, coup d'etat, insurrection** or **mutiny**; or
- v. **war**,

subject to the following terms, conditions and exclusions.

#### BASIS OF SETTLEMENT

The basis upon which a claim will be settled is as follows:

**A.** In respect of buildings damaged we shall pay you:

The lesser of the reasonable cost of rebuilding or repairing, which may be carried out upon another site within the country where the building is located subject to our liability not being increased, to a condition substantially the same as but not better or more extensive than the condition of the lost or damaged building immediately prior to the loss, subject to the rebuilding or repairs being carried out.

We will normally expect you to carry out repair or replacement of the insured building, but if you and we agree that it is not reasonable to do this, we will pay you an amount based on the lesser of the repair or replacement costs, less an allowance for fees and associated costs which are not incurred.

If the buildings are not repaired or rebuilt within a reasonable period of time we will only pay the actual cash value.

**B.** In respect of contents lost or damaged we shall pay you:

- i. on finished goods sold and awaiting collection, the regular selling price, less all discounts and charges to which such goods would have been subject had no loss occurred.
- ii. on other finished goods and on unfinished goods, the value of raw materials acquired and labour expended plus the applicable proportion of overhead charges attributable to such unfinished goods.
- iii. for property of others held at the insured property, the amount for which you are legally liable but in no event to exceed the actual cash value.
- iv. on film, tape, disc, drum, cell and other magnetic recording or storage media for electronic data processing, an amount not exceeding the cost of such media in unexposed or blank form plus the costs of copying electronic data from back up or from originals of a previous generation. These costs will not include research and engineering nor any costs of recreating, gathering or assembling such electronic data. If the media is not repaired or replaced the basis of valuation shall be the cost of the blank media. This insurance does not insure any amount pertaining to the value of such electronic data to you or any other party.
- v. on documents other than iv) above an amount not exceeding the cost of blank material plus the cost of labour incurred by you for transcribing or copying such records. This insurance does not insure any amount pertaining to the value of such documents to you or any other party.

C. On all other insured property lost or damaged, we shall pay you the actual cash value.

All amounts or values will be determined at the time of loss, and in no event will **we** be liable for more than the **amount insured**. Any salvages, recoveries and payments recovered or received prior to the loss settlement shall reduce the amount of such loss settlement accordingly.

#### **FEES AND ASSOCIATED COSTS**

This insurance includes within the **amount insured**, but not exceeding the sub-limit stated in the policy schedule, cover for the following necessary and reasonable additional expenses that **you** incur in reinstating or repairing the **insured property** following damage insured under this insurance:

- i. fees to architects, surveyors, consulting engineers and other professional consultants used in the repair or reinstatement of the insured **building(s)**; and
- ii. the cost of removing debris of **insured property** from the named location(s) and making the site and insured **building(s)** safe.

#### **EXCESS**

No claim shall be payable under this insurance unless the aggregate of all such claims arising out of each **occurrence** exceeds the **excess** amount specified in the policy schedule.

## CONDITIONS, DEFINITIONS AND EXCLUSIONS APPLYING TO THE WHOLE OF THIS INSURANCE

### BASIS OF INSURANCE

All information provided in writing by **you** or **your** agent in connection with this insurance forms the basis of and is incorporated into this insurance.

If **you** have not notified **us** about or have misrepresented any material facts or material circumstances relating to this insurance which are known by **you** or could reasonably be expected to have been known by **you** after proper enquiry, or make any claim knowing it to be fraudulent, or in the case of any fraud or false statement, this insurance will be void from the start of this insurance.

### DEFINITIONS

For the purpose of this insurance:

**Act of terrorism** means an activity that:

- i. is committed for political, religious, ideological or similar purposes and involves a violent act or the unlawful use of force or an unlawful act dangerous to human life or tangible property; and
- ii. is carried out by any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organisation(s); and
- iii. is intended to:
  - a. intimidate or coerce a civilian population; or
  - b. disrupt any segment of the economy of a government, state or country; or
  - c. overthrow, influence, or affect the conduct of any government de jure or de facto by intimidation or coercion; or
  - d. affect the conduct of a government by mass destruction, assassination, kidnapping or hostage taking.

**Actual cash value** means the lesser of the amount it would cost to repair or replace the **insured property** with material of like kind and quality, less an allowance for fees and associated costs which are not otherwise incurred, with proper deduction for obsolescence and physical depreciation. In the case of **contents** which cannot be repaired or replaced, **actual cash value** means the market value of those **contents** at the time of loss.

**Amount insured** means the maximum amount **we** will pay in the aggregate during the period of insurance as shown in the policy schedule.

**Buildings** means a roofed and walled structure, including any signs, glass, interior decorations and fixtures and fittings, lifts, fixed fuel tanks, driveways, footpaths, walls, gates, satellite dishes and their fittings and masts.

**Civil commotion** means a substantial disturbance of the public peace by three or more persons assembled together and acting with common intent.

**Civil war** means a hostile conflict by means of armed forces carried on between opposing citizens of the same country or nation.

**Contents** means fixtures and fittings (including interior decorations), machinery and equipment, office furniture, stock (including finished or unfinished goods manufactured by **you** or held for sale) for which values have been declared to and agreed by **us**.

**Coup d'état** means a sudden change in government other than by democratic means brought about by the use or threat of violence.

**Electronic data** means facts, concepts and information converted to a form useable for communication, interpretation or processing by electronic and electromechanical data processing or electronically controlled equipment and includes programs, software and other coded instructions for the processing and manipulation of data or the direction and manipulation of such equipment.

**Insured property** means the property specified in the policy schedule for which values have been declared to and agreed by **us** and shall include **contents**. For the avoidance of doubt **we** do not include land and water within **insured property**.

**Insurrection** means a violent uprising of citizens in resistance to their government.

**Malicious damage** means the loss, damage or destruction of property caused by anyone intending to cause harm or mischief during the disturbance of the public peace which is committed for political, religious, ideological or similar purposes.

**Mutiny** means a wilful resistance by members of legally constituted, armed or peacekeeping forces to a superior officer.

**Occurrence** means each and every loss or series of losses arising out of and directly caused by one event. However, the duration and extent of any one event with regard to the perils of **terrorism, sabotage, malicious damage, riots, strikes** and **civil commotion** shall be limited to physical loss or physical damage which occurs within a period of 72 consecutive hours. No such period of 72 hours may extend beyond the expiry of this insurance unless **you** shall first sustain direct physical loss or physical damage before the expiry of this insurance and within the aforesaid period of 72 consecutive hours, nor shall any period of 72 consecutive hours commence before the start of this insurance.

**Pollutant (pollution) and contaminant (contamination)** includes but is not limited to any solid, liquid, gaseous or thermal irritant, contaminant or toxic or hazardous substance or any substance the presence, existence, or release of which endangers or threatens to endanger the health, safety or welfare of persons or the environment.

**Rebellion** means a deliberate, organised and open resistance, by force and arms, to the laws or operations of a government, committed by its citizens.

**Revolution** means the overthrow of a regime or political system by its citizens.

**Riot** means a violent disturbance by three or more people assembled together which threatens the public peace.

**Sabotage** means a subversive act or series of acts committed for political, religious, ideological or similar purposes including the intention to influence any government and/or to put the public in fear for such purposes.

**Strike** means a work stoppage by three or more workers to enforce demands made on an employer or to protest against an act or condition.

**War** means declared or undeclared hostile action between two or more nations or states save as excluded under Exclusion 1.ii.

**We/us/our** means Syndicate 33 at Lloyd's managed by Hiscox Syndicates Limited.

**You/your/yours** means the insured stated in the policy schedule.

## EXCLUSIONS

This insurance does not cover:

1. loss, damage, cost or expense of whatsoever nature directly or indirectly occasioned by, happening through or in consequence of any of the following:
  - i. any threat or hoax of a peril insured, as listed in the cover section of this policy;
  - ii. **war**, invasion, acts of foreign enemies, hostilities (whether war be declared or not) between any of the following countries: the United Kingdom of Great Britain and Northern Ireland, the United States of America, the Republic of France, the Russian Federation, and the People's Republic of China;
  - iii. the emission, discharge, dispersal, release or escape of any chemical or biological agent;
  - iv. any electronic means including computer hacking or the introduction of any form of corrupting, harmful or otherwise unauthorised instructions or code or the use of any electromagnetic weapon.  
This exclusion shall not operate to exclude losses (which would otherwise be covered under this policy) arising from the use of any computer, computer system or computer software programme or any other electronic system in the launch and/or guidance system and/or firing mechanism of any weapon or missile;
  - v. **pollution or contamination**. However if:
    - a. a peril insured, as listed in the Cover section of this policy, is the sole, immediate and direct cause of physical loss or physical damage to insured property; and
    - b. such physical damage is the sole, immediate and direct cause of pollution and/or contamination of insured property at the named location,  
then this policy, also insures the ensuing physical damage to insured property caused by such pollution or contamination but in no event shall this policy include any expense of clean-up or removal of land, water or air;
  - vi. vandalism, looting or theft unless such vandalism, looting or theft is a direct consequence of a peril insured under this policy. Notwithstanding the foregoing, theft or looting committed by or in collusion with any principal, shareholder (beneficial or otherwise), partner, director or other officer or any employee of **yours** is excluded from this insurance;

- vii. confiscation, nationalisation, expropriation, requisition, detention, legal or illegal occupation, embargo, quarantine by or under the order of any government or public or local authority;
  - viii. possession of contraband or illegal transportation or illegal trade; or
  - ix. nuclear reaction, nuclear radiation or radioactive contamination, however such nuclear reaction, nuclear radiation or radioactive contamination may have been caused;
2. loss of market, loss of income, loss of use, depreciation, reduction in functionality, increased cost of working, mysterious disappearance or unexplained loss or any other consequential loss, unless specifically provided for elsewhere within this policy;
  3. loss of or damage to any **building** or **contents** therein, if such **building** has been unoccupied for more than thirty consecutive days unless **you** have obtained **our** prior written agreement;
  4. loss of or damage to aircraft, watercraft, locomotives or rolling stock or vehicles designed for road use unless such road vehicles:
    - a. are located on the premises insured under this policy; and
    - b. insured values have been declared to and agreed by us;
  5. loss of or damage to pipelines, transmission and distribution lines and their supporting structures outside of the named location(s) unless insured values have been declared to and agreed by **us**;
  6. loss or damage by exposure to or existence of asbestos or the cost of asbestos material removal;
  7. loss of or damage to land (including but not limited to land on which the **insured property** is located) or water;
  8. loss of or damage to any animal, plant or tree;
  9. any financial loss related to the value of **electronic data** to **you** or any other party; and
  10. any loss insured elsewhere. This includes a claim where, but for the existence of this insurance, **you** would be entitled to be paid under any other policy, bond, government or other indemnity or cover except for any amount in excess of the amount which would have been covered under such other policy, bond or scheme or cover (which, for the avoidance of doubt, includes any cover for riots, strikes, civil commotion and terrorism under a property or builder's risk insurance).

## CONDITIONS

<b>Notice and Proof Of Loss</b>	<p>It is a condition precedent to <b>our</b> liability that in the event of loss or damage or circumstances arising that may give rise to a claim under this insurance notice is to be given to <b>us</b> through <b>your</b> broker or agent as soon as reasonably possible or within 21 days, whichever is the sooner.</p> <p>If <b>you</b> make a claim under this insurance <b>you</b> must give <b>us</b> such relevant information and evidence as may reasonably be required by <b>us</b> and co-operate fully in the investigation or adjustment of any claim. If required by <b>us</b>, <b>you</b> must submit to examination under oath by any person designated by <b>us</b>.</p> <p>Before a claim can be paid <b>you</b> shall render a signed proof of loss as soon as reasonably practicable. If such proof has not been received by <b>us</b> within 12 months of the expiry date of this policy, <b>we</b> shall be discharged from all liability hereunder in respect of such loss.</p>
<b>Due Diligence</b>	<p><b>You</b> (or any of <b>your</b> agents, sub or co-contractors) must use due diligence and do (and concur in doing and permit to be done) everything reasonably practicable, including but not limited to taking precautions to protect the <b>insured property</b> or remove the <b>contents</b>, to avoid or diminish any loss insured and to secure compensation for any such loss including protecting rights and taking action against other parties to enforce any rights and remedies or to obtain relief or indemnity.</p>
<b>Change In Circumstance</b>	<p><b>You</b> must notify <b>us</b> immediately of any change in <b>your</b> business operation during the period of insurance which will materially affect this insurance. This includes but is not limited to changes in management, ownership or control of <b>your</b> business, any change in the nature of the business carried out at the <b>insured property</b>, in <b>your</b> operating conditions or values at risk. <b>We</b> may then vary the terms and conditions of this insurance. If <b>you</b> are in any doubt whether a change is material <b>you</b> should consult <b>your</b> broker or agent.</p>
<b>Inspection</b>	<p><b>We</b>, or <b>our</b> agent, have the right, at <b>our</b> own expense, to inspect at any reasonable time the <b>insured property</b>.</p> <p>Any such inspection will not constitute a guarantee or confirmation of safety of <b>insured property</b> or any other buildings or property following notice of a claim or loss or damage or circumstances that may give rise to a claim under this insurance.</p>

<b>Multiple insureds</b>	<p><b>Our</b> total liability for any loss or losses sustained by any one or more of <b>you</b> under this insurance or any extension hereto will not exceed the <b>amount insured</b>. <b>We</b> shall have no liability in excess of the <b>amount insured</b> whether such amounts consist of insured losses sustained by all of <b>you</b> or any one or more of <b>you</b>.</p> <p><b>You</b> agree that the insured named in the policy schedule, or if there is more than one insured named in the policy schedule the first of them, is authorised to receive all notices and agree any amendments to the policy.</p>
<b>Third parties</b>	<p>This insurance is effected solely between <b>you</b> and <b>us</b>. Pursuant to the Contract(s) Rights Against Third Parties (Act 1999), nothing in this policy is intended to give any third party any benefits under this insurance or the right to enforce a term of this insurance.</p>
<b>Protections Maintenance</b>	<p><b>You</b> must ensure that all physical protections notified to <b>us</b> are in full and effective operation at all appropriate times.</p> <p><b>You</b> must ensure that all fire alarm and security systems notified to <b>us</b> are fully activated whenever the named location is left unattended. <b>You</b> must also advise <b>us</b> as soon as reasonably possible if for any reason a system is not working properly. <b>We</b> may then vary the terms and conditions of this insurance. All systems must be regularly serviced under contract by a reputable company at least annually.</p>
<b>Under Insurance</b>	<p>If, at the time that any <b>insured property</b> is lost or damaged, the total value of all <b>insured property</b> at that location is greater than the declared value for that location, then <b>you</b> shall only be entitled to recover such proportion of the loss or damage as the declared value bears to the total value of all <b>insured property</b> at that location.</p>
<b>Assignment</b>	<p>No assignment of or change of interest in this policy or in any amount payable under it will be binding on or recognized by <b>us</b> unless <b>you</b> have obtained <b>our</b> prior written agreement.</p>
<b>No Benefit to Bailee</b>	<p>This policy will not operate in any way to the benefit of any bailee or any person to whom <b>insured property</b> is entrusted for any purpose.</p>
<b>Subrogation</b>	<p><b>We</b> shall be entitled but not obliged to take over and deal with in <b>your</b> name (but at <b>our</b> expense) the defence or settlement of any claim brought by the owners of others interested in the property of others held at the <b>insured property</b> and to bring proceedings in <b>your</b> name to recover for <b>our</b> benefit the amount of any payment made under this policy, including <b>our</b> own costs and expenses. <b>We</b> shall be entitled but not obliged to exercise all of <b>your</b> rights and remedies and <b>you</b> shall give all assistance in <b>your</b> power as <b>we</b> may require.</p>
<b>Salvage and Recoveries</b>	<p>All salvages, recoveries and payments recovered or received subsequent to a loss settlement under this Policy shall be for <b>our</b> benefit.</p>
<b>Abandonment</b>	<p>There shall be no abandonment to <b>us</b> of any property.</p>
<b>Cancellation</b>	<p>This policy may be cancelled by <b>us</b> as a result of non-payment of premium.</p>
<b>Arbitration</b>	<p>All disputes which may arise under, out of or in connection with or in relation to this policy or the determination of the amount of loss hereunder shall be submitted to arbitration in London at the London Court of International Arbitration in accordance with its rules at the date of such submission. The seat of the Arbitration shall be London. The award rendered by the Arbitrator(s) shall be final and binding upon both <b>you</b> and <b>us</b>.</p>
<b>Law</b>	<p>The construction, validity and performance of this policy and all matters arising therefrom shall be governed by the laws of England.</p>

## LOSS OF NET INCOME INSURANCE EXTENSION

Some of the words **we** use have a special meaning in this policy. If a word is in **bold** type, please read the definitions section of this extension as well as those stated in the main Policy which apply equally to this extension.

**You** should check the policy schedule to see if this extension of cover is in force.

This extension is subject to the terms, conditions and exclusions of the attached Hiscox War, Terrorism and Political Violence policy (the **policy**) and to the terms, conditions, exclusions and definitions appearing below.

### COVER

**We** will pay **you** for the loss of **net income** sustained by **you** during the **period of indemnity** resulting directly from the interruption of **your** business at the named location(s) shown in the policy schedule caused by direct physical loss or physical damage covered under the **policy** and in respect of which a claim has been paid (or agreed to be paid) subject to the following terms, exclusions and conditions.

### BASIS OF SETTLEMENT

**We** will pay **you** for the difference between **your** actual **net income** during the interruption of **your** business, and **your net income** during the corresponding period in the 12 months immediately preceding the interruption, less any savings which result from reduced costs and expenses or from revenue received for services rendered and/or the conduct of **your** business elsewhere than at the named location(s) during the interruption and subject to any adjustment provided below.

When adjusting **your** claim, account shall be taken for the trend of **your** business and of any variations in **your** business before and after a loss insured under this policy and an allowance will be made for all extraordinary and other circumstances of the business including but not limited to fluctuations in market conditions so that the figure adjusted represents as nearly as may be reasonably possible the results which but for the loss insured under this policy would have been obtained during the period of indemnity.

If **you** could reduce the loss resulting from the interruption of business,

- i. by complete or partial resumption of operation of the property, and/or
- ii. by making use of merchandise, stock (raw, in process or finished), or any other property at **your** locations or elsewhere; and/or
- iii. by using or increasing operations elsewhere,

then such possible reduction shall be taken into account in arriving at the amount of loss hereunder.

**We** will also pay, within the **amount insured**, **your** additional necessary and reasonable costs that **you** incur in order to minimise **your** loss of **net income** and continue **your** business, less any savings which result from the reduced costs and expenses during the interruption. The expense incurred to minimise **your** loss may not be more than the amount of **net income** which would otherwise have been lost.

The amount **we** will pay in settlement of a claim will never be more than the **amount insured** which is a combined amount for losses arising from both physical loss or physical damage and loss of **net income** as insured by this **policy**.

### CONDITIONS

#### Direct Damage

No claim shall be payable under this extension unless and until a claim has been paid, or liability admitted under the policy to which this extension is attached and which gave rise to interruption of business.

This condition shall not apply if no such payment shall have been made, or liability admitted, solely owing to the operation of an **excess** amount which excludes liability for losses below a specified amount.

## EXCLUSIONS

This insurance does not cover:

1. increase in loss caused by or resulting from interference at the named location(s) by strikers or other persons with rebuilding, repairing or replacing the property or with the resumption or continuation of operations;
2. increase in loss caused by or resulting from the suspension, lapse, or cancellation of any lease, license, contract or order unless such suspension, lapse or cancellation results directly from and is directly caused by circumstances covered in the **policy** or as a result of any consequential business interruption and then **we** shall be liable for only such loss as affects **your net income** during and limited to the **period of indemnity** covered under this **policy**;
3. fines or damages for breach of contract or for late or non-completion of orders;
4. penalties of any nature;
5. loss of market share or any other consequential loss; or
6. loss of **net income** during the **waiting period** shown in the policy schedule.

## DEFINITIONS

For the purpose of this insurance:

**Net income** means the money paid or payable to **you** for goods sold and delivered or services rendered in the conduct of **your** business less **working expenses**.

**Period of indemnity** means the period starting from the expiry of the **waiting period** and continue for the entire period of interruption but not beyond the lesser of:

- i. the time required, with the exercise of due diligence, to repair, rebuild or replace such part of the **insured property** that has been lost or damaged; or
- ii. 12 calendar months.

**Waiting period** means the period stated in the schedule which shall commence on the date on which the physical loss or physical damage occurs.

**Working expenses** means those charges and expenses of **your** business which it is not necessary to incur during the interruption of **your** business which include but are not limited to the cost of stock, raw materials, supplies and the costs associated therewith. For the avoidance of doubt **working expenses** do not include any fixed costs which continue to be payable in full during the interruption of **your** business. The words and expressions used in this definition shall have the meaning usually attached to them in **your** books and accounts.